

STAMFORD TYRES CORPORATION LTD

Unaudited First Quarter 2018 Financial Statements

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2,&Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) CONSOLIDATED INCOME STATEMENT

	Group		Difference \$'000	Difference %
	Q1FY18	Q1FY17		
	Jul'17	Jul'16		
	\$'000	\$'000		
Revenue	58,946	58,085	861	1.48%
Other revenue	687	487	200	41.07%
Total revenue	59,633	58,572	1,061	1.81%
Cost of goods sold	43,215	43,309	(94)	-0.22%
Salaries and employees benefits	6,086	5,916	170	2.87%
Marketing and distribution	1,718	1,968	(250)	-12.70%
Utilities, repairs and maintenance	1,458	1,345	113	8.40%
Finance costs	1,018	1,194	(176)	-14.74%
Depreciation of property, plant and equipment	1,242	1,212	30	2.48%
Operating lease rentals	1,313	1,085	228	21.01%
Other operating expenses	1,570	795	775	97.48%
Total expenditure	(57,620)	(56,824)	(796)	1.40%
Share of results of joint ventures	569	562	7	1.25%
Profit before taxation	2,582	2,310	272	11.77%
Taxation	(656)	(757)	(101)	-13.34%
Profit for the financial period	1,926	1,553	373	24.02%
Attributable to:				
Equity holders of the company	1,926	1,553	373	24.02%
	1,926	1,553	373	24.02%

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1FY18	Q1FY17
	Jul'17	Jul'16
	\$'000	\$'000
(a) Profit after taxation is stated after charging/(crediting) :		
Depreciation of property, plant and equipment (inclusive of charges included in cost of goods sold)	1,913	1,786
Allow ance for/(w rite-back of) doubtful trade receivables	225	(146)
Allow ance for inventory obsolescence	182	214
Gain on disposal of property, plant and equipment	(76)	(13)
Foreign exchange loss/(gain)	366	(239)
Fair value loss on derivatives	89	80
Bad debts recovered	(17)	(3)
	Q1FY18	Q1FY17
	Jul'17	Jul'16
	\$'000	\$'000
Net profit for the financial period	1,926	1,553
Other comprehensive income :		
Translation adjustments arising on consolidation	(995)	(634)
Other comprehensive income for the financial period, net of tax	(995)	(634)
Total comprehensive income for the financial period	<u>931</u>	<u>919</u>
Total comprehensive income attributable to :		
Equity holders of the company	<u>931</u>	<u>919</u>
	<u>931</u>	<u>919</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Jul'17 \$'000	Apr'17 \$'000	Jul'17 \$'000	Apr'17 \$'000
Non-current assets				
Property, plant and equipment	69,750	70,679	-	-
Subsidiary companies	-	-	40,764	40,764
Amount due from subsidiary companies	-	-	14,316	14,311
Joint venture companies	16,382	16,862	6,567	6,567
Associated company	230	233	-	-
Deferred tax assets	3,130	3,109	-	-
	<u>89,492</u>	<u>90,883</u>	<u>61,647</u>	<u>61,642</u>
Current assets				
Inventories	75,101	77,869	-	-
Trade receivables	62,204	67,467	-	-
Derivatives	71	70	-	54
Other receivables	4,851	4,665	137	96
Prepayments and advances	4,089	3,890	39	21
Cash and cash equivalents	17,695	21,693	292	1,225
	<u>164,011</u>	<u>175,654</u>	<u>468</u>	<u>1,396</u>
Less: Current liabilities				
Trade payables	15,972	20,465	-	-
Trust receipts (secured)	42,399	50,808	-	-
Derivatives	96	20	34	-
Other payables	18,361	18,711	705	605
Loans (secured)	17,771	17,980	-	-
Hire-purchase liabilities	854	807	-	-
Provisions	726	689	-	-
Provision for taxation	3,005	2,742	-	12
	<u>99,184</u>	<u>112,222</u>	<u>739</u>	<u>617</u>
Net current assets/(liabilities)	64,827	63,432	(271)	779
Non-current liabilities				
Amount due to subsidiary companies	-	-	13,020	14,219
Hire-purchase liabilities	852	882	-	-
Provisions	861	861	-	-
Long-term loans (secured)	26,458	27,375	-	-
Deferred tax liabilities	1,324	1,304	108	108
	<u>29,495</u>	<u>30,422</u>	<u>13,128</u>	<u>14,327</u>
Net assets	124,824	123,893	48,248	48,094
Equity				
Share capital	35,722	35,722	35,722	35,722
Reserves	89,102	88,171	12,526	12,372
	<u>124,824</u>	<u>123,893</u>	<u>48,248</u>	<u>48,094</u>

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 31/07/2017		As at 30/04/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
61,024	-	69,595	-

Amount repayable after one year

As at 31/07/2017		As at 30/04/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
27,310	-	28,257	-

Details of any collateral

The Group's freehold land, certain leasehold land and buildings, leasehold improvements and certain plant and equipment with a total net book value of \$48,358,863 as at 31 July 2017 (30 April 2017: \$49,034,056) are subject to legal mortgages in connection with bank facilities granted to the Group.

The trust receipts of subsidiary companies are secured primarily by corporate guarantees from the Company.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(c)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (YTD JULY FY2018 vs JULY FY2017)

	Group	
	Q1FY18 Jul'17 \$'000	Q1FY17 Jul'16 \$'000
Cash flows from operating activities :		
Profit before taxation	2,582	2,310
Adjustments for:		
Depreciation of property, plant and equipment	1,913	1,786
Gain on disposal of property, plant and equipment	(76)	(13)
Fair value loss on derivatives	75	80
Bad debts recovered	(17)	(3)
Foreign currency translation adjustment	(42)	(133)
Interest income	(32)	(18)
Provision for product warranties	46	87
Write-back on property, plant and equipment	(2)	(2)
Interest expenses	1,018	1,194
Share of results of joint ventures	(569)	(562)
Operating cash flows before changes in working capital	<u>4,896</u>	<u>4,726</u>
Decrease in inventories	2,768	4,436
Decrease/(increase) in receivables	4,895	(766)
(Decrease)/increase in payables	(4,854)	767
Cash flows from operations	<u>7,705</u>	<u>9,163</u>
Interest received	32	18
Interest paid	(1,018)	(1,194)
Income tax paid	(394)	(482)
Net cash flows generated from operating activities	<u>6,325</u>	<u>7,505</u>
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	79	27
Dividend received from joint venture company	352	-
Purchase of property, plant and equipment	(915)	(1,079)
Net cash flows used in investing activities	<u>(484)</u>	<u>(1,052)</u>
Cash flows from financing activities :		
Proceeds from long-term loans	60	151
Repayment of trust receipts	(8,409)	(29)
Repayment of revolving loans	(210)	(2,806)
Repayment of hire purchase creditors	(163)	(270)
Repayment of long-term loans	(976)	(4,869)
Net cash flows used in financing activities	<u>(9,698)</u>	<u>(7,823)</u>
Net decrease in cash and cash equivalents	(3,857)	(1,370)
Cash and cash equivalents at beginning of financial period	21,693	17,425
Effect of exchange rate changes on cash and cash equivalents at the beginning of the financial period	(141)	25
Cash and cash equivalents at end of financial period	<u>17,695</u>	<u>16,080</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

Group	Equity attributable to owners of the Company, total		Share capital	Revenue reserve	Other reserves, total	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Discount on acquisition of non-controlling interest
	\$'000	\$'000							
Balance at 1 May 2016	17,505	17,505	35,722	98,986	(17,203)	424	-	(17,829)	202
Profit for the financial period	1,553	1,553	-	1,553	-	-	-	-	-
Other comprehensive income for the financial period	(634)	(634)	-	-	(634)	-	-	(634)	-
Total comprehensive income for the financial period	919	919	-	1,553	(634)	-	-	(634)	-
<u>Contributions by and distributions to owners</u>									
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-
Balance at 31 July 2016	18,424	18,424	35,722	100,539	(17,837)	424	-	(18,463)	202
Balance at 1 May 2017	123,893	123,893	35,722	104,742	(16,571)	424	-	(17,197)	202
Profit for the financial period	1,926	1,926	-	1,926	-	-	-	-	-
Other comprehensive income for the financial period	(995)	(995)	-	-	(995)	-	-	(995)	-
Total comprehensive income for the financial period	931	931	-	1,926	(995)	-	-	(995)	-
<u>Contributions by and distributions to owners</u>									
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-
Balance at 31 July 2017	124,824	124,824	35,722	106,668	(17,566)	424	-	(18,192)	202

	Equity, total \$'000	Equity attributable to owners of the total \$'000	Share capital \$'000	Revenue reserve \$'000	Other reserves total \$'000
Company					
Balance at 1 May 2016	49,882	49,882	35,722	14,160	-
Loss for the financial period	(98)	(98)	-	(98)	-
Total comprehensive income for the financial period	(98)	(98)	-	(98)	-
<u>Contributions by and distributions to owners</u>					
Total contributions by and distributions to owners	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 31 July 2016	49,784	49,784	35,722	14,062	-
Balance at 1 May 2017	48,094	48,094	35,722	12,372	-
Profit for the financial period	154	154	-	154	-
Total comprehensive income for the financial period	154	154	-	154	-
<u>Contributions by and distributions to owners</u>					
Total contributions by and distributions to owners	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 31 July 2017	48,248	48,248	35,722	12,526	-

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's number of shares since 30 April 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

	Company 31/07/2017	Company 30/04/2017
Ordinary shares (excluding treasury shares)	235,586,244	235,586,244

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There are no treasury shares and no subsidiary holdings as at the end of the current financial year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5, the Group and the Company has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with those of the audited financial statements as at 30 April 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

On 1 May 2017, the Group and the Company adopted the following new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are relevant:

Description

- Amendments to FRS 7: Disclosure Initiative
- Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 112: Classification of the scope of the standard

The adoption of the above FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and did not have any significant impact on the Group and the Company.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group	
	Q1FY18 Jul'17	Q1FY17 Jul'16
Earning per share (EPS)		
- Based on the weighted average number of ordinary shares on issue (cents)	0.82	0.66
- On fully diluted basis (cents)	0.82	0.66
	<u>\$'000</u>	<u>\$'000</u>
Group earnings used for the calculation of EPS		
Profit for the financial period	<u>1,926</u>	<u>1,553</u>
	<u>'000</u>	<u>'000</u>
Number of shares used for the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares in issue used for the calculation of basic EPS	<u>235,586</u>	<u>235,586</u>

Basic earning per share ("EPS") is calculated on the Group's profit for the financial period attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the financial period.

Diluted EPS is calculated on the same basis as basic EPS as there are no dilutive potential ordinary shares as at 31 July 2017.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial year reported on; and (b) immediately preceding financial year.

	Group		Company	
	31/07/17	30/04/17	31/07/17	30/04/17
Net asset value per ordinary share (cents)	<u>52.98</u>	<u>52.59</u>	<u>20.48</u>	<u>20.41</u>

The net asset value per share for the Group and the Company as at 31 July 2017 are calculated based on the actual number of shares in issue of 235,586,244 ordinary shares (30 April 2017: 235,586,244 ordinary shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Q1FY18

Revenue

The Group's sales revenue was 1.5% higher at S\$58.9 million in Q1FY18 compared to S\$58.1 million in Q1FY17. This was mainly due to improved sales in Australia.

Gross Profit and Gross Profit Margin

Gross profit was S\$15.7 million in Q1FY18 compared to S\$14.8 million in Q1FY17. Gross profit margin increased from 25.4% in Q1FY17 to 26.7% in Q1FY18, mainly attributable to value-added activities at the Group's Stamford Tyres Mart retail chain and truck tyre centres.

Operating Expenses

Total operating expenses increased by 6.6% to S\$14.4 million in Q1FY18 compared to S\$13.5 million in Q1FY17. The increase was mainly due to higher operating lease rentals and higher foreign exchange costs.

Share of Results of Joint Ventures

In Q1FY18, our share of profits from joint ventures was flat at S\$0.6 million, compared to Q1FY17.

Net Profit

The net profit of the Group was 24.0% higher at S\$1.9 million in Q1FY18, compared to S\$1.6 million recorded in Q1FY17.

Financial Position

Property, plant and equipment decreased to S\$69.8 million as at 31 July 2017 from S\$70.7 million as at 30 April 2017.

Receivables decreased to S\$62.2 million as at 31 July 2017 from S\$67.5 million as at 30 April 2017.

Inventories decreased to S\$75.1 million as at 31 July 2017 from S\$77.9 million as at 30 April 2017, in line with lower purchases during the year.

Trade payables and trust receipts decreased to S\$58.4 million as at 31 July 2017 from S\$71.3 million as at 30 April 2017.

As at 31 July 2017, the Group's cash and cash equivalents stood at S\$17.7 million compared to S\$21.7 million as at 30 April 2017.

The Group's borrowings which comprise trust receipts, revolving credit, short-term secured loans as well as long-term secured loans stood at S\$86.6 million as at 31 July 2017 compared with S\$96.2 million as at 30 April 2017. The decrease in borrowings was mainly due to the repayment of trust receipts and long term loans.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global economic outlook continues to remain uncertain. As a result, our operating environment will continue to be challenging.

To mitigate the impact of this challenging environment, the Group will continue to optimize its product mix, manage operating costs and build on its core markets in South East Asia.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholder for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14. Aggregate value of interested person transactions entered into by the Company and/or its subsidiaries during the year.

The Company does not have a general mandate for IPT.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Wah Holdings Pte Ltd**	S\$45,600	Nil

** Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann are directors/shareholders of Wah Holdings Pte Ltd

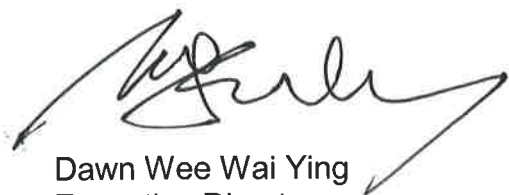
15. Statement Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial statements of Stamford Tyres Corporation Limited for the 1st quarter ended 31 July 2017, to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company confirmed that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD



Dawn Wee Wai Ying
Executive Director
11 September 2017